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#### **HIGHLIGHTS**

A large-scale South Vietnamese search-and-destroy operation in coastal Quang Ngai Brovince has inflicted significant losses on the Viet Cong. Ambassador Lodge, who talked with moderate Buddhist leader Thich Tam Chau on 1 September, feels that Chau is losing ground to the volatile Thich Tri Quang. If true, Buddhist activity could take a more violent turn. Meanwhile, student agitation The Hué appears to be losing its force.

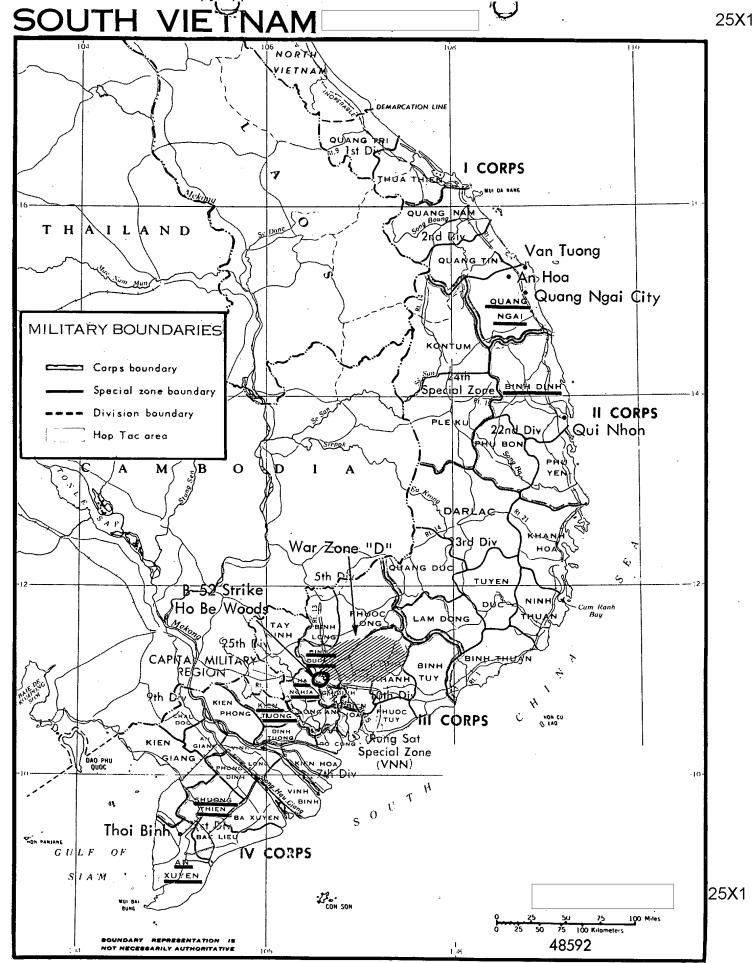
I. The Military Situation in South Vietnam:
Thirty Guam-based USAF B-52 Stratofortresses yesterday made a saturation bombing attack on a suspected Viet Cong base in the Ho Be woods, 17 miles northwest of Saigon. Ground exploitation of the target zone by regimental-strength ARVN forces began immediately after the air strike, the 17th of the war to date against Communist strongholds in South Vietnam (Paras. 1-2). Viet Cong forces have sustained significant losses in the opening phase of a large-scale ARVN search-and-destroy operation in coastal Quang Ngai Province (Para. 3).

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II. Political Situation In South Vietnam: Ambassador Lodge and Thich Tam Chau discuss political and international developments (Paras. 1-3). Ambassador Lodge feels that the more moderate Chau has lost some ground to Thich Tri Quang (Para. 4). Student agitation appears to be subsiding (Paras. 5-6).

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- III. <u>Military Developments in North Vietnam:</u>
  Nothing of significance to report.
- IV. Other Communist Military Developments: Nothing of significance to report.
- V. Communist Political Developments: Soviet Premier Kosygin reportedly was inflexible and pessimistic about Vietnam in his recent talks with UAR President Nasir (Pára. 1). The 1 September Soviet UAR communiqué made the routine declaration that bombing of the DRV should cease immediately and that the 1954 Geneva agreements should be carried out (Para. 2). The North Vietnamese Communist Party delegation currently in France, ostensibly to confer with the French Communist Party, may also be in touch with French officials (Paras. 3-4).



#### I. THE MILITARY SITUATION IN SOUTH VIETNAM

- 1. Thirty Guam-based USAF B-52 Stratofortresses yesterday made a saturation bombing attack on a suspect Viet Cong base in the Ho Be woods, 17 miles northwest of Saigon, on the fringes of the guerrilla War Zone "D" stronghold. All aircraft released their bombs on the target area and were recovered safely at Guam.
- 2. Ground exploitation of the target zone by ARVN forces began immediately after the air strike. Participating elements included the 49th Regiment (minus one battalion)/25th ARVN Division, and the 1st Reconnaissance Company/5th ARVN Division, complemented by USAF/VNAF tactical air and helicopter support. According to late reports, no contact had been established with the Viet Cong; however, the operational forces had uncovered a large ammunition dump, several individual weapons, one Russian flag, and a quantity of clothing, plastic tubing, and assorted tools.
- 3. Twenty-two Viet Cong were killed, five captured, and 46 suspects detained yesterday in the opening phase of a large-scale ARVN search-and-destroy operation 15 miles south of Quang Ngai city, the capital of Quang Ngai Province. Friendly losses thus far were described as "light." In Binh Dinh Province, US Army elements of "Task Force Alpha" ambushed a Viet Cong patrol near the coastal supply port of Qui Nhon late yesterday, killing seven insurgents. American casualties were again termed "light."

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	7. MACV's military report for 31 August shows 66 Communist-initiated incidents, 15 of which occurred during the 24-hour reporting period. In addition to the large-scale attack against An Hoa outpost in Quang Ngai Province discussed in Paragraph 4, the Viet Cong placed 60- and 81-mm. mortar fire on the district town of Thoi Binh, in southernmost An Xuyen Province, and on Regional and Popular Forces outposts in Binh Duong and Chuong Thien provinces	

outposts in Binh Duong and Chuong Thien provinces. In Hau Nghia Province, a mine detonated by enemy terrorists at a local village office wounded 12 militiamen. Elsewhere, small-arms harassing fire actions,

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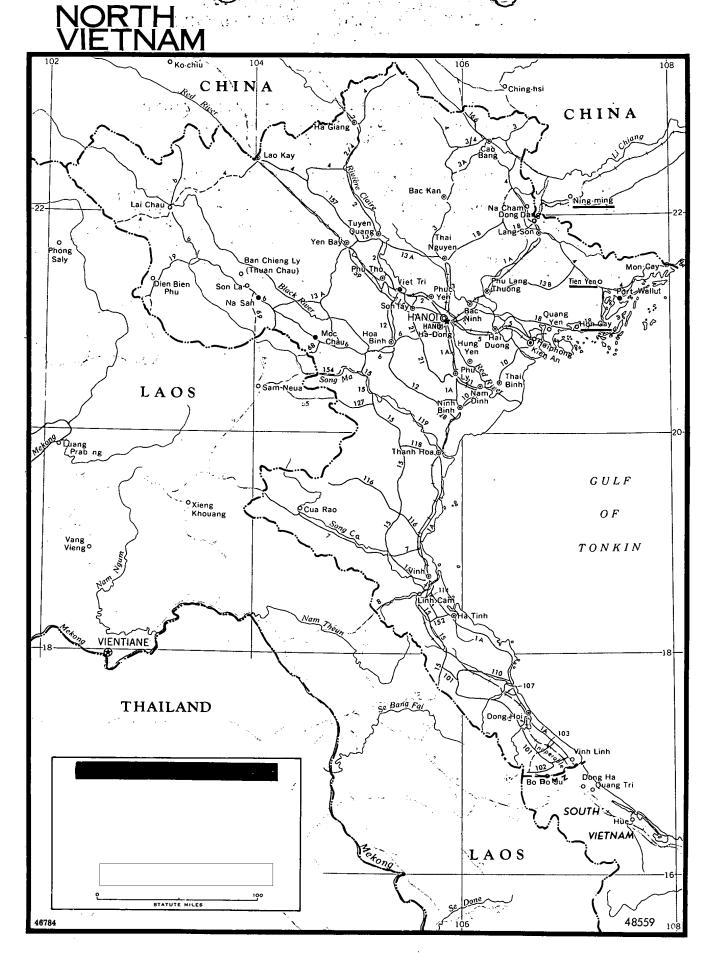
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hamlet entry and harassment, and communications sabotage remained widespread throughout the four corps tactical zones of South Vietnam.

8. Delayed military reports state that on 29 August a Communist force of undetermined strength attacked two paramilitary outposts in the Mekong Delta province of Kien Tuong, inflicting combined friendly losses of 30 killed, 21 wounded, and 19 missing; 66 weapons, including four 60-mm. mortars, were captured. Enemy casualties are unknown.

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### II. POLITICAL SITUATION IN SOUTH VIETNAM

- 1. Ambassador Lodge met with Buddhist leader Thich Tam Chau, president of the Unified Buddhist Association, on 1 September. There was a friendly and wide-ranging exchange, with Chau seeking information about US intentions as well as expressing his own views on domestic and international problems. Thich Tri Quang was scheduled to accompany Chau to this meeting, but had gone to Hué instead.
- 2. Chau stated at one point that he believed the real threat to peace in Vietnam lay in Peking and that in the end the United States would have to be prepared to face that reality. He also said that the Vietnamese people sought the reunification of the country, and he was curious as to whether the US felt that an end of the current aggression would have the effect of reaffirming the present borders. Chau was clearly thinking of future actions to retake North Vietnam.
- 3. Chau was interested in the ambassador's views on the present government. In reference to the ambassador's appreciation of the incumbent government and the need to give it a chance to make good, Chau thought that two years was an optimum trial period.
- 4. Ambassador Lodge noted that Chau seems generally to have lost ground to Tri Quang. If Chau's moderate influence is weakening, Buddhist activity could take a more violent turn.
- 5. The student agitation in Hué appears to be losing its force. The attempt to "export" the antigovernment movement to other areas has not made any impressive progress. The embassy in Saigon

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believes one reason for the campaign's loss of steam is that Buddhist leader Tri Quang evidently is not ready to lend significant support.

6. The "struggle" in Hué thus seems to be a probe to test the extent of antigovernment sentiment and the government's responses. The embassy believes that so far the government has reacted with caution, firmness, and even some finesse.

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# IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. Nothing of significance to report.

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## V. COMMUNIST POLITICAL DEVELOPMENTS

1. According to information received by Ambassador Kohler, Soviet Premier Kosygin in his recent talks with UAR President Nasir used the same inflexible and pessimistic terms about Vietnam as were used during Governor Harriman's visit in mid-July. Although details of the talks are not available, the Soviets have consistently maintained

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that a cessation of US air strikes is a necessary first step toward a Vietnam settlement, and that any move toward talks must come from the participants—the DRV and the US.

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2. The joint Soviet-UAR communiqué issued on 1 September routinely declared that bombing of the DRV must cease immediately and that the 1954 Geneva agreements should be fully carried out. The Nasir-Kosygin talks were apparently exploratory, and there is no evidence—contrary to press speculation—that the Egyptian leader brought any specific Vietnam peace proposal to Moscow.

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- 3. A French Foreign Ministry official told the American Embassy that Mai Van Bo, the DRV commercial representative in Paris, has indicated that the North Vietnamese Communist Party delegation currently in France would like to discuss with the Foreign Ministry the possibility of buying heavy equipment from the French Government. This source stated that his government would not officially receive the delegation due to its sponsorship by the French Communist Party although other sources in the Foreign Ministry have indicated that a meeting with medium-level officials has not been ruled out.
- 4. The presence on the delegation of the North Vietnamese minister of heavy industry and his deputy suggests that, in addition to political objectives, the delegation may be exploring the possibility of diversifying sources of supply of machinery—now obtained almost exclusively from bloc countries.

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